

## Message Text

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FM SECSTATE WASHDC

TO USMISSION IAEA VIENNA

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FOL TEL SENT ACTION SECSTATE USERDA GERMANTOWN FROM TOKYO

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FOR OES/NET

E.O. 11652: N/A

TAGS: ENRG, JA, UK, FR

SUBJECT: REPROCESSING OF NUCLEAR FUELS

1. TOP-LEVEL TALKS BETWEEN BNFL (BRITISH NUCLEAR FUELS LTD.) AND COGEMA (COMPAGNIE GENERALES DE MATIERES NUCLEAIRES) ON ONE HAND AND ERG (ENRICHMENT AND REPROCESSING GROUP) OF JAPAN ON THE OTHER CONCERNING CONTRACT FOR REPROCESSING SPENT NUCLEAR FUELS FOR JAPAN HELD IN TOKYO MAR 31-APR 2 PROVED INCONCLUSIVE.

2. C. ALLDAY, BNFL MANAGING DIRECTOR, REVEALED IN PRESS CONFERENCE APR 2 THAT THE JAPANESE SIDE HAS NOT GIVEN IMMEDIATE RESPONSE TO THE BRITISH-FRENCH OFFER TO REPROCESS JAPANESE SPENT NUCLEAR FUEL AMOUNTING TO 4,000 TONS. ONLY RESPONSE THEY RECEIVED WAS: PROPOSAL WILL BE GIVEN FULL CONSIDERATION. EVEN SO, ALLDAY SAID HE EXPECTS A CONTRACT WILL BE CONCLUDED IN SEVERAL MONTHS.

3. MEANWHILE, JAPANESE POWER INDUSTRY SOURCES DISCLOSED APRIL 1 THAT INDUSTRY WILL DEAL WITH NUCLEAR FUEL REPROCESSING PROBLEM ALONG FOLLOWING GUIDELINES: (1) TO SPEED UP CONSTRUCTION

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OF SECOND REPROCESSING PLANT IN JAPAN, (2) TO CREATE AN

ORGANIZATION DIRECTLY ATTACHED TO PRESIDENTS OF POWER COMPANIES TO DEAL WITH PROBLEM OF ENTRUSTING BRITAIN AND FRANCE WITH REPROCESSING WORK, AND (3) TO GO SLOW ABOUT DISBANDING ERG. INDUSTRY HOPES TO ESTABLISH A NEW FUEL REPROCESSING SETUP BY END OF THIS YEAR ALONG THESE LINES.

4. AS REPORTED PREVIOUSLY, BRITAIN AND FRANCE HAVE JOINTLY APPROACHED JAPAN WITH OFFER TO REPROCESS JAPAN'S SPENT NUCLEAR FUEL. THEIR MOVE WAS NOT ANTICIPATED BY JAPANESE ERG UNTIL RECENTLY. TAMAKI IPPONMATSU, CHAIRMAN OF ERT, HAS TENDERED HIS RESIGNATION. HE HAD BEEN IN FAVOR OF ENTRUSTING BNFL WITH REPROCESSING.

5. BRITISH HAVE ALREADY MADE KNOWN INCREASED TOUGHNESS IN TERMS OF CONTRACT. THEY PROPOSED TO DOUBLE COST OF REPROCESSING FROM 50,000 TO 110,000 POUNDS PER TON OF SPENT NUCLEAR FUEL. IN ADDITION, THEY DEMAND 130 MILLION POUNDS AS JAPAN'S SHARE OF THE COST OF REPROCESSING PLANT CONSTRUCTION. BRITISH MOVE APPEARS DESIGNED TO CASH IN ON INEVITABLE DELAY IN JAPANESE PLAN TO BUILD A SECOND REPROCESSING PLANT.

6. BRITISH MOVE HAS MADE SOME JAPANESE SUSPICIOUS OF THEIR REAL MOTIVE BEHIND THE OFFER. THEY ALSO NOTE THAT WHILE THE BRITISH HAVE TECHNOLOGY FOR TRANSPORTING NUCLEAR FUEL, FRENCH ARE BELIEVED TO BE SUPERIOR TO BRITISH IN REPROCESSING TECHNOLOGY.

7. THE PROPOSED ALLIANCE BETWEEN TWO MAJOR REPROCESSING NATIONS HAS RAISED THE POSSIBILITY THAT THEY MAY DEMAND EVEN TOUGHER TERMS THAN THOSE AGREED TO BY BNFL WITH JAPANESE.  
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